

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF BOONE COUNTY WATER)	
AND SEWER DISTRICT FOR APPROVAL OF A)	CASE NO.
DEFEASEMENT OF BONDS; ISSUANCE OF)	93-326
BONDS; AND CONSTRUCTION OF WATER)	
FACILITIES)	

O R D E R

Boone County Water and Sewer District ("Boone District") has applied for a Certificate of Public Convenience and Necessity to construct a waterworks improvement project and for authority to issue approximately \$3,843,163 of revenue bonds and to defease \$1,460,000 of existing revenue bonds.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. The proposed construction project consists of 7.5 miles of 16- and 12-inch diameter pipelines and related appurtenances. After allowances are made for fees, contingencies, and other indirect costs, the total cost of this project is approximately \$2,277,000.

2. Black & Veatch of Cincinnati, Ohio and Bayer Becker Engineers of Covington, Kentucky ("Engineers") prepared the plans and specifications for the proposed construction project.

3. The Division of Water, Department of Environmental Protection, Natural Resources and Environmental Protection Cabinet

has approved the plans and specifications for the proposed construction project with respect to the sanitary features of design.

4. The proposed construction project will enhance Boone District's existing facilities and provide for expansion of service.

5. Project funding includes \$2,000,000 from the proceeds of the proposed revenue bond issuance and \$512,792 from a Community Development Block Grant.

6. Upon completion of the proposed projects, Boone District may experience some low and high pressure areas in its distribution system and should, therefore, monitor the expanded water distribution system.

7. Public convenience and necessity require the proposed construction project.

8. Boone District proposes to issue approximately \$3,843,163 in revenue bonds. Approximately \$1,603,163 of the proceeds of this issuance will be used to defease \$1,460,000 of outstanding 1967 Boone District Revenue Bonds. The remaining proceeds will be used to finance the proposed construction project.

9. An estimated savings of \$135,891 will result from the proposed defeasance of the 1967 Boone District Revenue Bonds. The net present value of these savings is \$95,597. These savings will exceed the cost of that portion of the bond issuance related to the defeasance.

10. The proposed defeasance will permit Boone District to reduce its current debt service coverage ratio of 1.40 and to

Ordinance which currently limit Boone District's flexibility in financial matters.

11. The proposed bond issuance and bond defeasance is for lawful objects within Boone District's corporate purposes, is necessary and appropriate for and consistent with the proper performance of Boone District's service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Boone District is granted a Certificate of Public Convenience and Necessity to construct the proposed construction project as set forth in the drawings and specifications of record herein, on the condition that service levels be monitored and corrective action taken in accordance with Commission regulations.

2. Boone District's proposed issuance of \$3,843,163 of revenue bonds and proposed defeasement of \$1,460,000 of existing revenue bonds are approved.

3. The proceeds of the revenue bond issuance herein approved shall be used only for the lawful purposes specified in Boone District's application.

4. Boone District shall obtain Commission approval prior to performing any additional construction not expressly approved herein.

5. No deviation from the construction approved herein shall be undertaken without prior Commission approval.

6. Boone District shall furnish duly verified documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

7. Boone District shall require the provision of a construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

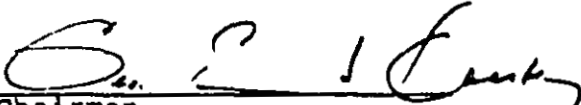
8. Boone District shall require the Engineer to furnish within 60 days of the date of substantial completion of this construction a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

9. Boone District shall monitor the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Boone District shall take immediate action to maintain the level of service in conformance with Commission regulations.

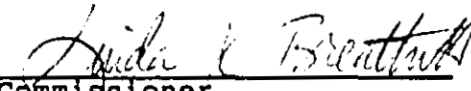
Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 19th day of November, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director